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UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re:

Carleton Farms, a partnership,  
Debtor.

Case No. 18-61140-tmr11

MOTION FOR TURNOVER  
(CFO Solutions, LLC, Receiver)

Carleton Farms, the debtor in possession (“DIP”), hereby moves the Court for an order requiring CFO Solutions, LLC, state court appointed receiver, to turnover to the DIP all property of the debtor in his possession, pursuant to 11 U.S.C. § 543(a), and to account to the United States Trustee pursuant to FRBP 6002(a).

BACKGROUND

1. On April 12, 2018, this case was commenced by the filing of a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The DIP has made demand under 11 U.S.C.

**MOTION FOR TURNOVER (CFO SOLUTIONS, LLC, RECEIVER) - Page 1 of 6**

§543(a) on CFO Solutions, LLC, the receiver appointed by the Klamath County Circuit Court in case number 17CV56444, entitled *Umpqua Holdings Corporation, dba Umpqua Bank, and Oregon chartered bank, Plaintiff, v. Carleton Farms, an unregistered Oregon general partnership; Richmond James Carleton; James Alfred Carleton; Gregory George Carleton; Carleton Farms, LLC, an Oregon limited liability company; James Carleton and Gregory Carleton, successor trustees of the Alfred C. Carleton and Helen A. Carleton Trust dated July 5, 1985; Gregory G. Carleton and Cyndee O. Smith-Carleton, Trustees of the Carleton Family Trust, dated October 27, 2016; AGCO Finance LLC, a Delaware limited liability company; Deere & Company, a Delaware corporation; Western Milling, LLC, a California limited liability company; and Basin Fertilizer & Chemical Co., LLC, an Oregon limited liability company, Defendants*; to turnover to the DIP all property of the debtor described in the attached Exhibit A, as well as all records relating thereto. When the receiver complies with the turnover demand and the designated assets described in Exhibit A are turned over to the DIP, the DIP will require an order allowing the use of cash collateral.

2. Prior to the filing of the debtor's petition, Umpqua Bank ("Secured Lender") was granted trust deeds and assignments of rent in the real property and personal property described in Exhibit A ("Collateral"). Umpqua Bank is owed approximately \$17,501,627.30 at the time its foreclosure complaint was filed. The Debtor has valued the assets it seeks turnover at \$3,860,000. Therefore, Umpqua Bank is undersecured.

3. On or about February 2, 2018, the debtor consented to the appointment of the receiver and an Order Appointing Receiver (Order) was entered by the Klamath County, Oregon Circuit Court. A copy of the Order is attached hereto as Exhibit B. The receiver has been in

MOTION FOR TURNOVER (CFO SOLUTIONS, LLC, RECEIVER) - **Page 2 of 6**

possession of all of the assets of the debtor since that time. The statutory basis for appointment of the receiver was the commencement of a judicial foreclosure by Secured Lender. The effect of such action would be to eliminate any opportunity for the debtor to pay its other creditors because there is no question that the value of the assets is less than the total debt owed to Secured Lender. This case was filed to stop the foreclosure and allow the debtor to recover the property it needs to reinstate its income producing ability so that it will be able to pay something to all of its creditors.

5. Since the filing of this case, the DIP has attempted to obtain the receiver's cooperation to turnover the assets. The receiver indicated it would not turnover the assets.

#### JURISDICTION

6. This Court has jurisdiction over this case under 28 U.S.C. §§ 157 and 1334. Venue of this case is properly in this District under 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(E). The statutory predicate for the relief requested is 11 U.S.C. § 543(a).

#### BACKGROUND

7. The Debtor has been a farming partnership in the Klamath Basin for many years. Most recently, it encountered severe economic difficulties resulting from the decision of the partners to aggressively pursue the cultivation of organic crops. In order to pursue the expansion of its business into the organic crop market, it substantially increased its credit facility with Umpqua Bank, which was willingly supported by Umpqua Bank. This decision turned out to be unprofitable due to several factors, the most important of which was the depression of prices for organic products. Due to the substantially higher production costs, the depression in prices resulted in large losses from the sale of the organic products. The partners of the debtor are

keenly aware that the volatility of the organic products market is to be avoided and their current farming plans will include only those conventional crops that can be produced predictably and profitably..

8. The debtor has identified the land and equipment that it will need to farm profitably this year and into the future. It does not seek the turnover of equipment that is specifically designed and used for the production of organic crops. By value, the debtor seeks turnover of about one-half of the equipment now held by the receiver. The remaining equipment should be liquidated by the receiver and the proceeds paid to Umpqua Bank to apply to its secured claim. In addition to the return of equipment, the debtor seeks turnover of all of its real estate, which includes substantial improvements consisting of a home, office, barns, hay storage, and potato processing facilities, among others. The debtor needs all of the assets described in this motion in order to operate profitably.

9. The debtor in possession has filed its Motion for Authority to Use Cash Collateral (cash collateral motion) contemporaneously with this motion. The cash collateral motion sets forth the projected costs and expenses to produce crops in this 2018 farm year, as well as the anticipated yields from each property to be farmed. A reasonable profit is expected and justifies the turnover of the assets to the debtor in possession.

10. The debtor previously consented to the appointment of the receiver because the partners believed that the debtor would secure sufficient sums from third party sources to purchase the assets from the receiver that it now seeks to obtain by turnover. At no time did the debtor plan to cease farming. It intended to recover its assets from the receivership by paying to the receiver, for the benefit of Umpqua Bank, the fair market value of those assets. The debtor was unsuccessful obtaining the funds necessary to purchase the assets from the receiver.

Therefore, the only means to recover the assets and continue its farming operation to pay something to all of its creditors is to obtain turnover from the receiver pursuant to Section 543.

11. Without turnover, the perennial crops growing on a portion of the property, consisting of alfalfa hay, will not be irrigated as required and will therefore go “dormant”. The result of a lack of irrigation will be the loss of at least one cutting and most likely two cuttings of the alfalfa this year. In order to prevent this, the debtor estimates that irrigation must be started before May 1.

12. Without turnover, the debtor will not have access to the land to prepare it for planting this year. A delay in preparing the land for planting will, at a minimum, shorting the growing season for the numerous crops to be planted. At worst, the debtor will not be able to plant crops in time to obtain any yield at all. The debtor needs access to the land no later than April 20, 2018 to be able to properly prepare the ground for planting.

13. Without turnover, the debtor will not have access to the equipment it requires to prepare potato seed for planting this year. The debtor needs access to that equipment no later than April 20 in order to be prepare sufficient potato seed to plant the volume of potatoes to meet its obligations on the contracts it expects to obtain this crop year.

#### BASIS OF REQUESTED RELIEF

14. 11 U.S.C. § 543(a) requires the receiver to turnover all assets of the debtor to the DIP. This court, in *In re Orchards Village Investments, LLC*, 450 B.R. 341 (Bankr. Or. 2009), set out three factors the court is to consider if turnover is opposed; “(1) whether there will be sufficient income to fund a successful reorganization; (2) whether the debtor will use the property for the benefit of its creditors; and (3) whether there has been mismanagement by the debtor.” Based on the information set forth above, all three factors weigh in favor of turnover.

WHEREFORE, the DIP requests that this Court order the receiver to turnover to the DIP all assets of the debtor in his possession.

DATED this 12th day of April, 2018.

THE LAW OFFICES OF KEITH Y. BOYD

By: /s/ Keith Y. Boyd  
Keith Y. Boyd, OSB #760701  
Of Attorneys for Debtor in Possession

<b>Trucks</b>	<b>Plate#</b>	<b>Vin#</b>	
2005 Peterbuilt	F164879	1XP5D49X75D865015	
1992 Frght	F173670	1FUYDDYBXNP517706	
1993 Frght	F167792	1FUY3LYB6PP426643	
1993 Frght	F164297	2FUYDXYB2PV499745	
1992 KW	F174114	1XKADR9X2NS568859	
1988 KW	F167095	1XKAD29X3JS502810	
1992 Peterbuilt	F167094	1XPCD69XOND314329	
1999 Frght	F163294	1FUYNMDB9XPB12638	Condon
2000 Frght	F164298	1FUYNMDB9YPF46866	Condon
1987 Frght-Cabover	F131470	1FUEYDYB9HP292464	Dick's Blue
1973 Frght-Cabover	F147999	CA213HM074505	
1979 26' Sem TRL		7L93685006	Hay Trailers-Blue
1979 24' Sem TRL		7L93684007	Hay Trailers-Blue
1999 Lowboy		1W1AEK6G9XK230808	
Van			
1993 WESCO	HU70037	1WRSD3281PW934292	Trailer
1993 WESCO	HU70038	1WRFD3281PW934293	Trailer
2006 CORNHUSKER		1192C422X60007868	Trailer
1981 FreeHauf		IH4V04522BJ025825	Trailer
2004 TIMPT	HS90579	1TDH400264B104947	Trailer
1984 Frght	F157622	2FUPYDYB7EV236615	Fert Truck
1975 INTL 1600	NL67606	10662EHA28050	Feed Truck
<b>Hay Equipment-</b>			
1 Hay Steamer			
1 NH Swather			
1 2006 Road Runner			
1 2007 Road Runner			
2 2027 - Rake			
2 G 2			
1 Hyster			
1 NH Bale Wagon			
2 Fluffer			
1 Feed Wagon			
1 Lease Baler			
Small Balers			
1 JD Swather			
<b>Pickups-</b>			
2016 Ford F350		1FT8W3BT5GEB78025	Jim's White Pickup
2014 Ford F350	F169337	1FT8W3BT8EEB19158	Greg's Silver Pickup
2008 Ford F350	F159941	1FTWW31R88ED47694	Greg's Maroon Pickup
2011 Ford F350	197FGR	1FT7W3BT7BEC41257	Jim's Tan Pickup

2003 Ford F350	282EJJ	1FTSW31P63EB38105	Dick's White Pickup
2011 Chevy 1500	220FGR	1GCNKPEX6BZ440320	
2011 Chevy 1500	221FGR	1GCNKPEX6BZ297045	
2011 Chevy 1500	222FGR	1GCNKPEX3BZ373675	
2012 Chevy 1500	223FGR	1GCNKPEX0CZ159938	
2005 Ford		1FTSX21P35EC67073	
2007 Ford F250	891 CYH	1FTSW21P77EA35937	
2002 Ford F350	T552209	1FTSX31F02ED42403	Danny B
1990 GMC	ZEA 096	1GDJC34N4LE544958	Service Pickup
Blue Chevy Flatbed			

**Tractors-**

8420  
8345  
8330  
8130  
7800  
6420  
7400  
6110  
2 2840  
1086  
986

**Implements-**

Falc Chopper  
Paritil  
JD Ripper  
IH Chisel  
IH Chisel  
Disc  
Rototiller  
Spreader  
Misc Harrows  
Spray Tanks

**Pipe-**

Aluminum 3 x 40  
Mainline  
Plastic 3 x 30  
Trailers

**Potato-**

2 Lockwood Windrower  
1 Tub 600 Spudnik  
1 Piler  
1 Spudnik 30" Piler  
6 Flal Conveyer  
1 Short Conveyer  
1 Tale Scope Conveyer

- 1 Seed Cutter
- 1 Small Tub
- 1 Planter-New
- 1 Cultivator
- 1 Tare Elevator
- 1 Scoopy
- 1 Scraper
- 1 Spreader

**Misc-**

- Shop Tools & Supplies
- All Parts & Fuel Tanks
- All GPS Equipment
- Electrical Cords

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4 IN THE CIRCUIT COURT OF THE STATE OF OREGON

5 FOR THE COUNTY OF KLAMATH

6 UMPQUA HOLDINGS CORPORATION, dba  
7 UMPQUA BANK, an Oregon chartered bank,

Case No. 17CV56444

8 Plaintiff,

v.

9 CARLETON FARMS, an unregistered Oregon  
10 general partnership; RICHMOND JAMES  
11 CARLETON; JAMES ALFRED CARLETON;  
12 GREGORY GEORGE CARLETON;  
13 CARLETON FARMS, LLC, an Oregon limited  
14 liability company; JAMES CARLETON and  
15 GREGORY CARLETON, successor trustees of  
16 the Alfred C. Carleton and Helen A. Carleton  
17 Trust dated July 25, 1985; GREGORY G.  
18 CARLETON and CYNDEE O. SMITH-  
19 CARLETON, Trustees of the Carleton Family  
Trust, dated October 27, 2016; AGCO  
FINANCE LLC, a Delaware limited liability  
company; DEERE & COMPANY, a Delaware  
corporation; WESTERN MILLING, LLC, a  
California limited liability company; and  
BASIN FERTILIZER & CHEMICAL CO.,  
LLC, an Oregon limited liability company,ORDER UPON STIPULATION APPOINTING  
CFO SOLUTIONS, LLC AS RECEIVER  
OVER THE “BANK LOAN COLLATERAL,”  
AND ISSUING A PRELIMINARY  
INJUNCTION

20 Defendants.

21 This matter came before the Court on Plaintiff Umpqua Holdings Corporation, dba  
22 Umpqua Bank (“**Bank**” or “**Plaintiff**”) *Combined Motion and Memorandum in Support for (A)*  
23 *Appointment of a Receiver, (B) Issuance of a Temporary Restraining Order, and (C) the*  
24 *Subsequent Issuance of a Preliminary Injunction* (the “**Motion**”). In the Motion Bank requests,

1 among other relief, the entry of an Order appointing CFO Solutions, LLC, a Utah limited liability  
2 company dba Advanced CFO (“**Advanced CFO**”), as the receiver for the “**Bank Loan**  
3 **Collateral**.”

4 The “**Bank Loan Collateral**” is more particularly described as follows:

5 1. The following personal property assets owned, individually or collectively or in  
6 whole or in part, by any of Carleton Farms, Richmond Carleton, James Carleton, Gregory  
7 Carleton, and Carleton Farms, LLC (collectively, the “**Carleton Defendants**”):

8 (a) all accounts, accounts receivable, contract rights, documents, documents of  
9 title, payment intangibles, investment property, chattel paper, instruments, and checking, savings  
10 and all other deposit accounts;

11 (b) all inventory;

12 (c) all equipment;

13 (d) all fixtures;

14 (e) all farm products, including crops grown, growing or to be grown, livestock  
15 born or unborn, supplies used or produced in the Carleton Defendants’ farming operation, and  
16 products of crops and livestock in their unmanufactured state;

17 (f) all general intangibles, including all intellectual property ;

18 (g) all deposit accounts, including any operating account at Umpqua Bank.;

19 (h) all investment property now or hereafter acquired;

20 (i) all proceeds of any crop insurance, price support payment or other  
21 government program;

22 (j) accessions, attachments and other additions to the Bank Loan Collateral;

23 (k) substitutes or replacements for any of the Bank Loan Collateral, all  
24 proceeds, products, rents and profits of any of the Bank Loan Collateral, all rights under warranties

1 and insurance contracts covering the Bank Loan Collateral, and any causes of actions relating to  
2 the Bank Loan Collateral; and

3 (I) books and records pertaining to any of the Bank Loan Collateral, including  
4 but not limited to any computer-readable memory and any computer hardware and software  
5 necessary to process such memory; and

6 The real property, fixtures and improvements and related property, including leases and  
7 rents described in the following recorded documents:

8 (a) That certain Deed of Trust dated May 2, 2016 and recorded in the Official  
9 Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-004564;

10 (b) That certain Assignment of Rents dated May 2, 2016 and recorded in the  
11 Official Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-004565;

12 (c) Two separate Agricultural Security Agreements dated May 2, 2016,  
13 between Carleton Farms, Richmond Carleton, James Carleton, and Gregory Carleton and Bank  
14 with the security interests described therein perfected by filing one or more UCC Financing  
15 Statements with the Oregon Secretary of State's office and by recording a UCC Financing  
16 Statement relative to the certain personal property collateral described therein in the Official  
17 Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-04566, which was  
18 subsequently amended pursuant to the terms of a UCC Financing Statement recorded in the  
19 Official Records of Klamath County, Oregon on April 13, 2017, as Instrument No. 2017-003855;

20 (d) That certain Modification of Deed of Trust dated June 15, 2016 and  
21 recorded in the Official Records of Klamath County, Oregon on July 1, 2016, as Instrument No.  
22 2016-006974;

23 (e) That certain Second Modification of Deed of Trust dated June 26, 2017 and  
24 recorded in the Official Records of Klamath County, Oregon on August 3, 2017, as Instrument No.  
2017-008754;

1 (f) That certain Modification of Assignment of Rents dated June 26, 2017 and  
2 recorded in the Official Records of Klamath County, Oregon on August 3, 2017, as  
3 Instrument No. 2017-008755; and

16       Based upon the Motion, the Declaration Matthew R. McKinlay, a member and authorized  
17      representative of the proposed Receiver, the other pleadings, papers and exhibits submitted in  
18      support thereof, and the arguments and evidence (if any) presented in support of the Motion, and  
19      good cause appearing therefore, the Court makes the following findings:

21        1.        Good and sufficient grounds exist to grant the Motion and appoint a receiver over  
22 the Bank Loan Collateral (exclusive of Parcel 9 described in the Real Estate Loan Trust Deed as  
23 more fully described as: Lot 16 in Block 2 of TRACT NO. 1099, ROLLING HILLS, according to  
24 the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon), in that:

1           A.     It appears that Bank holds a properly perfected lien on and security interest against  
2 the Bank Loan Collateral;

3           B.     The Bank Loan Collateral secures the performance and payment of substantial  
4 monetary obligations owed by the Carleton Defendants to Bank;

5           C.     The monetary obligations owed by the Carleton Defendants to Bank have been  
6 accelerated and are payable in full, have not been paid, and are in default;

7           D.     The loans evidenced by the five promissory notes described in the Motion are due  
8 and payable in full, and events of default have occurred concerning those loans. Bank is owed  
9 over \$17,000,000.00 on the five outstanding loans to the Carleton Defendants; Bank has made  
10 demand for payment in full, and the outstanding balance of each loan remains due and owing.

11           E.     The provisions of each security agreement executed by the Carleton Defendants  
12 that secures all indebtedness owed by the Carleton Defendants to Bank provides that upon the  
13 occurrence of an event of default, which has occurred here with respect to all five loans due and  
14 owing to Bank, Bank may have a receiver appointed by any court of competent jurisdiction to take  
15 possession of the Bank Loan Collateral described therein.

16           F.     Similarly, the Real Estate Loan Trust Deed, as modified, states that upon the  
17 occurrence of an event of default, which has occurred here with respect to all five loans to the  
18 Carleton Defendants, Bank may have a receiver appointed by any court of competent jurisdiction  
19 to take possession of the Bank Loan Collateral described therein.

20           G.     The Bank Loan Collateral consists, in part, of perishable assets such as livestock  
21 and other farm products, such as grains, potatoes and other commodities. Moreover, the Bank  
22 Loan Collateral consists of numerous items of equipment that are depreciating in value, and which

1 also may not be insured or protected. The Bank Loan Collateral also consists of rents and account  
2 receivables that can be easily diverted and siphoned off. In short, the Bank Loan Collateral is  
3 perishable and is in danger of being lost, impaired, destroyed or dissipated without a receiver  
4 being appointed to oversee it.

5           H.       The Carleton Defendants appear to be insolvent. Under the Uniform Commercial  
6 Code, as adopted in Oregon, “insolvent means: (i) having generally ceased to pay debts in the  
7 ordinary course of business other than as a result of bona fide dispute; (ii) being unable to pay  
8 debts as they become due; or (iii) being insolvent within the meaning of federal bankruptcy law.”  
9           ORS 71.2010(w). Federal bankruptcy law, in turn, says insolvency includes a “financial condition  
10 such that the sum of such entity’s debts is greater than all of such entity’s property, at a fair  
11 valuation . . .” 11 U.S.C. § 101(32).

13           Recent inspections and appraisals of the Bank Loan Collateral obtained by Bank indicate  
14 that the aggregate market value of the Bank Loan Collateral is approximately \$13,398,350.00. The  
15 Declaration of John Sugar filed in support of the Bank’s motion for the appointment of a receiver  
16 states that the aggregate unpaid balance due from the Carleton Defendants to Bank under the five  
17 promissory notes referenced in the Bank’s Amended Complaint is \$17,501,627.28 plus additional  
18 accrued interest and costs. If Bank’s claim for conversion proves to be valid then the amount of  
19 said indebtedness is increased to an even greater amount. In short, the information provided to the  
20 Court indicates that the indebtedness owed by the Carleton Defendants to Bank exceeds the value  
21 of the Bank Loan Collateral by approximately \$4,103,277.28.

23           2.       The failure to appoint a receiver in this action over the Bank Loan Collateral could  
24 result in the immediate and irreparable injury, loss, or damage to Bank’s interest in the Bank Loan

1      Collateral.

2            3.        The appointment of a receiver over the Bank Loan Collateral is reasonably  
3        necessary to preserve and protect the Bank Loan Collateral, and to insure that the Bank Loan  
4        Collateral is not lost, dissipated, damaged or commingled.

5            5.        Other potential remedies, including legal remedies, are either unavailable or  
6        inadequate.

7            6.        With respect to Bank's request for injunctive relief, injunctive relief is appropriate  
8        in that:

9            A.        Bank likely will suffer irreparable harm unless the Court grants Bank injunctive  
10      relief;

11           B.        The harm to the Defendants from being restrained or enjoined by the Court, if any,  
12      is outweighed by the harm that Bank will incur if injunctive relief is not granted;

13           C.        The injunctive relief requested by Bank is in the public interest; and

14           D.        There is a substantial likelihood that Bank will prevail on (a) the merits of its  
15      underlying claims against the Carleton Defendants, and (b) the merits of its request that the Court  
16      appoint a receiver over the Bank Loan Collateral thereby also preserving the lien rights of other  
17      named defendants in this action such as AGCO Finance LLC and Deere & Company who appear  
18      to have a first priority purchase money security interest in various items of equipment referenced  
19      in their UCC Financing Statements filed with the Oregon Secretary of State's office and Basin  
20      Fertilizer & Chemical Co., LLC, who may have a first priority lien in certain farm products  
21      referenced in one or more Notices of Claim of Agricultural Services Lien filed with the Oregon  
22      Secretary of State's office.

1           10. Furthermore, it appears that Bank is entitled to the relief demanded in its Amended  
2 Complaint and, without the entry of injunctive relief in this action; any judgment rendered by the  
3 Court could be ineffectual.

4           11. Notice as required by Oregon law has been properly and timely given to all parties  
5 entitled to such notice.

6           12. The Defendants have all consented to the appointment of a Receiver over the  
7 Collateral as evidenced by their written consents on file with the Court in this action.

8           Based upon the foregoing findings of fact, and such other facts as the Court made upon the  
9 records, which are incorporated herein by this reference, and pursuant to ORCP 79, 80, 82 and the  
10 Receivership Code now in effect, it is hereby **ORDERED, ADJUDGED AND DECREED**, as  
11 follows:

12           **1. APPOINTMENT OF RECEIVER.** Advanced CFO ("Receiver"), whose office  
13 is located at 13601 West McMillan Road, Suite 102, PMB 320, Boise, Idaho 83713; Telephone:  
14 (208) 724-2257; Facsimile: (208) 489-2501; email: mmckinlay@advancedcfo.com, shall be, and  
15 hereby is, appointed as receiver over the Collateral, on the further terms and conditions of this  
16 Order.

17           As a condition to the effectiveness of this Order and the Receiver's appointment, the  
18 Receiver shall post a Receiver's bond in the amount of \$250,000.00. The Receiver is authorized  
19 to act by and through its agents, representatives and employees. During the term of the Receiver's  
20 appointment, and until further order of the Court, the Collateral shall remain under the Court's  
21 appointment, and until further order of the Court, the Collateral shall remain under the Court's  
22 exclusive jurisdiction. The Receiver is not interested in this action and is competent and qualified  
23 to act as the receiver over the Collateral. The Court has exclusive authority over the Receiver.

1 The Receiver shall not be subject to the control of any other parties to this matter, but shall be  
2 subject only to the Court's direction in the fulfillment of the Receiver's duties.

3           A.       At all times until the Receiver is discharged by the Court, the Receiver shall  
4 maintain errors and omissions insurance with a policy limit of at least \$500,000.00 per claim.

5           B.       The Receiver shall file with the Court and serve on all parties in interest a monthly  
6 report of the receivership's operations and financial affairs. The Receiver shall file each report not  
7 later than 30 days after the end of a reporting period, which reporting period shall be each calendar  
8 month. The Receiver must file and serve his initial report by no later than 60 days after the date of  
9 entry of this Order.

10           **2. INCORPORATION OF OREGON RECEIVERSHIP CODE.** The Oregon  
11 Receivership Code (the "**Receivership Code**"), which was approved by the Oregon Legislature  
12 and subsequently signed by the Governor on June 14, 2017 and became effective on January 1,  
13 2018 is expressly incorporated herein by this reference. To the extent of any inconsistency  
14 between the terms, conditions and requirements of this Order and the terms, conditions and  
15 requirements of the Receivership Code, the Receivership Code shall control.

16           **3. SUBJECT TO APPLICABLE LAW THAT EXCLUDES CERTAIN TYPES**  
17 **OF COLLATERAL, ALL BANK LOAN COLLATERAL IS HEREBY PLACED IN THE**  
18 **POSSESSION OF THE RECEIVER, AND UNDER THE COURT'S CONTROL,**  
19 **PENDING FURTHER ORDERS OF THE COURT.** The Receiver, as an officer of this Court,  
20 shall have and take possession, custody and control, either physically or constructively as  
21 determined by the Receiver in his, her or its sole and absolute discretion, and subject to all existing  
22 and valid liens, claims and encumbrances of secured or lien creditors (including all liens and  
23  
24

1 claims of Bank) of the Bank Loan Collateral, and any and all rents, income, profits or proceeds of  
2 the Bank Loan Collateral (including but not limited to all cash, checks and credit card receipts),  
3 both tangible and intangible and both choate and inchoate, whether now existing or after-acquired,  
4 and any and all books and records related to the Bank Loan Collateral (hereinafter the  
5 **“Receivership Estate”**).  
6

7 The Receivership Estate includes, but is not necessarily limited to, the following types or  
8 categories of personal property and real property assets of the Carleton Defendants, or in which  
9 any or all of the Carleton Defendants have an interest, whether legal or equitable (but specifically  
10 excluding (a) personal property of any individual Defendant that is used primarily for personal,  
11 family or household purposes, (b) property of an individual Defendant that is exempt from  
12 execution or process under laws of this state, (c) any power or interest that a person may exercise  
13 solely for the benefit of another person, or (d) property held in trust for another person:

14 (a) all accounts, account receivables, contract rights, documents, documents of  
15 title, payment intangibles, investment property, chattel paper, instruments, checking, savings and  
16 all other deposit accounts;  
17 (b) all inventory;  
18 (c) all equipment;  
19 (d) all fixtures;  
20 (e) all farm products, including crops grown, growing or to be grown, livestock  
21 born or unborn, supplies used or produced in the Carleton Defendants’ farming operation, and  
22 products of crops and livestock in their unmanufactured state;  
23 (f) all general intangibles, including all intellectual property;  
24 (g) all deposit accounts, including any operating account at Bank;  
25 (h) all investment property;

(l) books and records pertaining to any of the Bank Loan Collateral, including but not limited to any computer-readable memory and any computer hardware and software necessary to process such memory, whether kept by independent certified public accountants, bookkeepers, and/or employees or contractors of the Carleton Defendants; and

The real property, fixtures and improvements and related property, including leases and rents, described in the following recorded documents:

(a) That certain Deed of Trust dated May 2, 2016 and recorded in the Official Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-004564;

(b) That certain Assignment of Rents dated May 2, 2016 and recorded in the Official Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-004565;

(c) Two separate Agricultural Security Agreements dated May 2, 2016, between Carleton Farms, Richmond Carleton, James Carleton, and Gregory Carleton and Bank with the security interests described therein perfected by filing one or more UCC Financing Statements with the Oregon Secretary of State's office and by recording a UCC Financing Statement relative to the certain personal property collateral described therein in the Official Records of Klamath County, Oregon on May 5, 2016, as Instrument No. 2016-04566, which was subsequently amended pursuant to the terms of a UCC Financing Statement recorded in the Official Records of Klamath County, Oregon on April 13, 2017, as Instrument No. 2017-003855;

1 (d) That certain Modification of Deed of Trust dated June 15, 2016 and  
2 recorded in the Official Records of Klamath County, Oregon on July 1, 2016, as Instrument No.  
3 2016-006974;

4 (e) That certain Second Modification of Deed of Trust dated June 26, 2017 and  
5 recorded in the Official Records of Klamath County, Oregon on August 3, 2017, as Instrument No.  
6 2017-008754;

7 (f) That certain Modification of Assignment of Rents dated June 26, 2017 and  
8 recorded in the Official Records of Klamath County, Oregon on August 3, 2017, as  
9 Instrument No. 2017-008755; and

10 (g) That certain Third Modification of Deed of Trust dated June 26, 2017 and  
11 recorded in the Official Records of Klamath County, Oregon on October 6, 2017, as Instrument  
12 No. 2017-011381.

#### 4. POWERS AND DUTIES OF RECEIVER WITH RESPECT TO THE

16 **RECEIVERSHIP ESTATE.** With respect to the Receivership Estate, the Receiver is granted all  
17 powers and is charged with all duties granted or imposed by the Receivership Code, including but  
18 not limited to the following powers and duties:

19       A.     To enter upon and take possession, custody and control of the Receivership Estate,  
20     whether tangible or intangible, and all income, proceeds and profits thereof, with the power and  
21     authority to preserve, protect, and liquidate those assets and to distribute the proceeds thereof to  
22     the party or parties legally entitled thereto;

23           B.       To seize and collect any and all funds or other assets which constitute income,  
24           proceeds or profits of the Receivership Estate, in whatever form and wherever located, including

1 but not limited to any and all cash, deposits, accounts, bank accounts, other cash accounts or cash  
2 equivalents, and lock box funds, and to change the signatory authority on all such accounts related  
3 to the Receivership Estate, with the power and authority to distribute such income, proceeds or  
4 profits to the party or parties legally entitled thereto;

5           C.       To present or otherwise process for payment any checks, money orders, credit card  
6 receipts or payments or other forms of payment made payable to the Carleton Defendants, or any  
7 of them, which constitute rents, profits, income, or proceeds of the Receivership Estate, endorse  
8 the same and collect the proceeds thereof, such proceeds to be held, used and maintained as  
9 elsewhere provided herein;

10           D.       To open and utilize bank accounts for receivership funds relating to the  
11 Receivership Estate, with such funds to be held in a federal insured financial institution with an  
12 office in Boise, Idaho;

13           E.       Subject to further requirements of this Order and any requirements of the  
14 Receivership Code, and in the Receiver's business discretion, to hire, employ or contract with  
15 third parties to access computer files related to the Receivership Estate, which are password  
16 protected or not otherwise readily accessible to the Receiver;

17           F.       To have and collect all rents, income, proceeds or other profits generated by or  
18 from the Receivership Estate, and to deposit the same into one or more bank or other financial  
19 accounts controlled by the Receiver;

20           G.       To take any and all other actions with respect to the Receivership Estate, including  
21 managing its employees (if any), assets, vendors, creditors, debtors, tenants, customers and third-  
22 parties which in the Receiver's business discretion the Receiver finds to be reasonably necessary

1 and prudent to preserve and protect the Receivership Estate, and to avoid any diminution or  
2 impairment to the value of the Receivership Estate, which may include, but is not limited to, the  
3 following:

4                   1.     Expend any cash or other income generated from the Receivership  
5 Estate;

6                   2.     Paying for maintenance and operating expenses and taxes;

7                   3.     Prosecuting and defending legal actions in respect of the Receivership

8 Estate;

9                   4.     Subject to the requirements of this Order and any requirements of the

10 Receivership Code, employing attorneys, accountants, investigators, consultants, and any other

11 persons or entities deemed necessary by the Receiver to assist the Receiver in the discharge of the

12 Receiver's duties under this Order, with the costs of such services to be paid out of the

13 Receivership Estate in the ordinary course of business as and when invoiced, so long as the fees

14 charged for such services are deemed by the Receiver to be usual and customary;

15                   5.     The Receiver shall give notice to Bank, Defendants and all other interested

16 parties of the fees to be paid and expenses to be reimbursed to the Receiver and its professionals

17 on a monthly basis, and shall be authorized to make such payments unless the Receiver receives a

18 written objection within fourteen (14) days of such notice. If an objection is received, the

19 Receiver may pay any fees and reimburse any expenses not subject to objection, and may

20 promptly file a motion with the Court to have such objection heard and ruled upon;

21                   6.     Subject to and limited by any contrary requirements set forth in the

22 Receivership Code, purchasing such merchandise, materials, supplies, and services as the Receiver

1 deems necessary and advisable to assist the Receiver in performing the Receiver's duties  
2 hereunder, and to pay therefore the ordinary and usual rates and prices in the ordinary course,  
3 *provided, however*, that the Receiver shall obtain the prior approval of the Court after appropriate  
4 notice to parties in interest for any singular transaction which will cost the Receivership Estate  
5 more than \$10,000.00;

6              7.        Subject to and limited by any contrary requirements set forth in the  
7 Receivership Code, transferring, disposing of, selling and/or abandoning any tangible or  
8 intangible assets of the Receivership Estate, including but not limited to any accounts, contract  
9 rights, documents, documents of title, payment intangibles, investment property, chattel paper,  
10 instruments, deposit accounts, inventory, equipment, farm products (including crops grown,  
11 growing or to be grown, supplies used or produced in farming operations, and products of crops in  
12 their unmanufactured state), general intangibles (including all intellectual property as defined in  
13 the Bank Loan Documents), trade secrets, trade processes and business lines, *provided, however*,  
14 that the Receiver shall obtain the prior approval of this Court after appropriate notice to parties in  
15 interest respecting the proposed terms of any such dispositions if the aggregate book value or  
16 market value of the same is reasonably believed by the Receiver to be greater than \$10,000.00;  
17

18              8.        Investigating the Receivership Estate and, in the Receiver's business  
19 discretion, preparing such additional report or reports (beyond those required by this Order) that  
20 the Receiver determines to be necessary and proper;

21              9.        Subject to and limited by any contrary requirements set forth in the  
22 Receivership Code, entering into or modifying contracts affecting any part or all of the  
23 Receivership Estate, including, without limitation, employment contracts, independent contractor

1 agreements, leases, daily rental agreements, and service agreements, *provided, however,* that the  
2 Receiver shall obtain the prior approval of this Court after appropriate notice to parties in interest  
3 respecting the proposed terms of any such contracts or modifications of such contracts if the  
4 aggregate costs of the contracts or the modifications over their term are reasonably expected by the  
5 Receiver to be greater than \$10,000.00, and *provided further, however,* that subject to the  
6 foregoing dollar limitation the Receiver shall not be required to seek or obtain any prior approval  
7 of this Court prior to entering into any sales transactions involving farm products (including cattle,  
8 crops grown, growing or to be grown, supplies used or produced in farming operations, and  
9 products of crops in their unmanufactured state) so long as the terms of any such sales transactions  
10 are determined by the Receiver in the Receiver's business discretion to be usual and customary  
11 and in the ordinary course of the Carleton Defendants' business;

13                   10.     Subject to and limited by any contrary requirements set forth in the  
14 Receivership Code, paying and discharging out of the funds and assets coming into the hands of  
15 the Receiver all of the costs and expenses of the Receivership Estate, including all taxes,  
16 governmental assessments and charges lawfully imposed upon the Receivership Estate, *provided,*  
17 *however,* that the Receiver shall obtain the prior approval of the Court after appropriate notice to  
18 parties in interest for any singular transaction or expense which will cost the Receivership Estate  
19 more than \$25,000.00;

20                   11.     Applying for, obtaining, and paying any reasonable fees for any lawful  
21 license, permit or other governmental approval relating to the Receivership Estate; confirming the  
22 existence of and, to the extent permitted by law, exercising the privileges of any existing license or  
23 permit; and doing all things necessary to protect and maintain such licenses, permits and

1 approvals, subject to the further provisions of this Order;

2                   12. Hiring, firing, selecting and retaining employees and independent  
3 contractors as the Receiver deems reasonable or necessary to preserve and maintain the value of  
4 the Receivership Estate;

5                   13. Notifying all federal and state taxing and applicable regulatory agencies in  
6 accordance with any applicable laws imposing this duty, including 26 U.S.C. § 6036;

7                   14. Presenting or recording a certified copy of this Order to all appropriate  
8 governmental entities as proof of the Receiver's authority hereunder;

9  
10                  15. The Receiver may issue demand that the U.S. Postal Service grant exclusive  
11 possession and control of mail, including postal boxes, as may have been used by Carleton  
12 Defendants and may direct that certain mail related to the Bank Loan Collateral be re-directed to  
13 the Receiver;

14                  16. In discharging its above duties, the Receiver may avoid administering  
15 unsecured claims or providing notice to unsecured creditors or filing a plan of distribution if, in the  
16 Receiver's business judgment, no purpose would be served thereby; and

17                  17. The Receiver is authorized to seek the assistance of the County Sheriff or  
18 other law enforcement officials as necessary or proper to preserve the peace and protect the  
19 Receivership Property, the Bank Loan Collateral, and to enforce this Order. The Sheriff of  
20 Klamath County, Oregon, is hereby authorized and directed to assist in the enforcement of the  
21 terms of this Order as may be requested by the Receiver. The Sheriff of every other county in the  
22 state of Oregon is similarly authorized and directed to assist in the enforcement of the terms of this  
23 Order as may be requested by the Receiver to the extent any of the Receivership Property is found

1 or located in said county and/or to the extent any person holding any portion of the Receivership  
2 Property or otherwise failing to comply with the terms of this Order is found or located in said  
3 county.

4           **5. RECEIVER COMPENSATION AND OTHER MATTERS.** The Receiver  
5 shall:

6           A.     Be compensated in the ordinary course of business at the rate of \$275.00 per hour  
7 for Matthew McKinlay, plus the prevailing hourly rates, which shall not exceed \$275.00 per hour,  
8 for all Advanced CFO project managers, associates and staff, which rates will be subject to annual  
9 increases of not more than ten percent (10%) per year on January 1 of each calendar year while  
10 this receivership remains open, plus actual out of pocket expenses reimbursable at cost with no  
11 markup, for services as Receiver herein; *provided, however,* that any such compensation paid to  
12 the Receiver for such services shall be subject to the notice and approval provisions set forth in the  
13 Receivership Code and this Order;

14           B.     Retain originals and/or legible electronic copies of all writings and other documents  
15 which were used or referred to in order to prepare the statements under the foregoing paragraphs  
16 of this Order, including, but not limited to, checks, contracts, agreements, and invoices.

17           C.     Subject to the requirements for the employment and compensation of professionals  
18 found in the Receivership Code, nothing in this Order shall preclude the Receiver from hiring  
19 professionals and third-party providers or vendors to assist the Receiver in the performance of the  
20 Receiver's duties under this Order, so long as the fees charged for such services are deemed by the  
21 Receiver in the Receiver's business discretion to be usual and customary in the locality where the  
22 services are to be found, and any compensation for such services are subject to subsequent review

1 and approval of this Court after appropriate notice to parties in interest.

2         Subject to the Carleton Defendants cooperating with the Receiver in good faith, during the  
3 first sixty days of the Receivership Estate the Receiver is authorized to pay the Carleton  
4 Defendants, in the aggregate, the sum of \$10,000.00 per month (two months) in consideration for  
5 their cooperation in providing information to the Receiver regarding the location and status of all  
6 Bank Loan Collateral, all records relating to the Bank Loan Collateral, and such other information  
7 as may be requested by the Receiver. The first monthly payment shall be due within five (5)  
8 business days of the effective date of this Order and one-half of the second monthly payment be  
9 due and payable on the thirtieth (30th) day following the effective date of this Order with the  
10 remaining one-half of the second monthly payment becoming due and payable on the sixtieth  
11 (60th) day following the effective date of this Order. Thereafter, to the extent one or more of the  
12 Carleton Defendants provides services to the Receivership Estate upon the express request of the  
13 Receiver, the Carleton Defendants, in the aggregate, shall be compensated at the rate of \$275.00  
14 per hour for such services, plus actual out of pocket expenses reasonably incurred reimbursable at  
15 cost with no markup, *provided, however,* that any such compensation paid to the Carleton  
16 Defendants for such services and reimbursement of actual expenses shall be subject to the notice  
17 and approval provisions set forth in the Receivership Code and this Order.

19         **6. FURTHER POWERS GRANTED TO RECEIVER.** The Receiver is further  
20 empowered and authorized to generally do such other things as may be necessary or incidental to  
21 the specific powers, directions, and general authorizations set out in this Order, including any and  
22 all actions permitted or authorized by the Receivership Code or Oregon common law, and may  
23 take any further actions relating to the Receivership Estate that are necessary and appropriate to

1 fulfill the Receiver's duties hereunder beyond the scope contemplated by the provisions set forth  
2 above, *provided however*, that the Receiver obtains the prior approval from this Court for any such  
3 additional actions after appropriate notice to parties in interest.

4           **7. GRANT OF IMMUNITY.** To the fullest extent allowed by law, and except as  
5 may otherwise be provided under the Receivership Code dealing with the personal liability of a  
6 receiver, the Receiver and the Receiver's agents, attorneys, consultants and employees, shall be  
7 immune from and shall be held harmless from and against any and all suits, liabilities, claims,  
8 losses, lawsuits, judgments, and/or expenses, including but not limited to attorney fees', costs and  
9 monetary damages, arising out of or related to, either directly or indirectly, his, her, it's or their  
10 performance of duties or obligations pursuant to the terms of this Order.

12           **8. RECEIVERSHIP LOANS AND ADVANCES.** If the Receivership Estate does  
13 not generate sufficient revenue following the appointment of the Receiver sufficient to pay the  
14 operating expenses and approved charges and expenses of the Receiver and the fees and expenses  
15 of any attorneys, accountants, or other professionals employed by the Receiver in accordance with  
16 the requirements of this Order, the Receiver may and is hereby authorized without further order of  
17 the Court to borrow money from Bank in order to pay such expenses. All funds borrowed from  
18 the Bank shall be deemed to be borrowings of the Carleton Defendants under one or more loans  
19 and related security documents described in the Amended Complaint and Motion as determined by  
20 the Bank in its sole discretion, and said borrowings shall be added to the balance due and owing  
21 under the applicable loan(s) and secured by the Bank Loan Collateral. The Receiver may execute,  
22 issue and deliver (but is not required to do so to effectuate the prior sentence) in favor of Bank one  
23 or more promissory notes or other instruments and documents evidencing the additional

1 indebtedness with respect to all sums borrowed by the Receiver on behalf of the Carleton  
2 Defendants. All sums advanced by Bank to the Receivership Estate pursuant to this Order,  
3 together with interest thereon at the rates set forth in the applicable loan documents, shall be  
4 secured by Bank's existing liens on and security interests in the Bank Loan Collateral, and  
5 otherwise shall constitute a first and senior lien with respect to all such assets exclusive of first  
6 priority purchase money security interests and first priority statutory liens in favor of other named  
7 Defendants. In addition, all funds that the Receiver borrows from Bank shall be deemed  
8 administrative expenses of the Receivership Estate. The Receiver, however, shall bear no  
9 obligation or responsibility for repayment of any such loans or advances.  
10

11           **9. FILING OF TAX RETURNS FOR THE DEFENDANTS.** Notwithstanding any  
12 other term or provision of this Order, the Receiver shall be under no obligation to file any tax  
13 returns or other governmental returns or forms for or on behalf of the Defendants. Upon  
14 reasonable notice to the Receiver, the Receiver shall provide to the Defendants and their  
15 authorized representatives reasonable access to financial information necessary for the Defendants  
16 to prepare and file such governmental returns or forms.

17           **10. PAYMENTS TO BANK.** Notwithstanding any other provisions of this Order, the  
18 Receiver may distribute to Bank as soon as reasonably practicable all surplus cash of the  
19 Receivership Estate, not reasonably necessary for the operation and administration of the  
20 Receivership Estate (including any reserves the Receiver believes are appropriate), as well as all  
21 income, profits and proceeds resulting from the sale of the Bank Loan Collateral upon which Bank  
22 has a lien or security interest, after such notice and hearing as may be required by this Order or the  
23 Receivership Code. Bank shall apply all distributions received from the Receiver to the  
24

1 outstanding indebtedness due Bank from the Carleton Defendants under the terms of the  
2 promissory notes, security agreements, assignment of rents, trust deed and related loan agreements  
3 described in the Amended Complaint and the Motion.

4         **11. FURTHER ORDERS.** The Receiver or the parties hereto may at any time apply to  
5 this Court for any further orders or other instructions and powers necessary to enable the Receiver  
6 to perform its duties properly. Any motion by the Receiver or the parties hereto for Court  
7 approval of any act of the Receiver shall be served on each party hereto and each other person who  
8 has filed and served on the Receiver a request for special notice. Further, the Receiver may file  
9 requests for special notice on behalf of any party; however, such requests filed by the Receiver  
10 shall not be deemed consents to the jurisdiction of this Court. In addition to service by mail or  
11 hand-delivery, service in this action may be made by facsimile or electronic mail.  
12  
13 Notwithstanding any provision of this Order requiring Court approval of any act of the Receiver,  
14 the Receiver may nonetheless undertake an action without prior Court approval if the Receiver  
15 obtains the written consent of each party hereto and each other person who has filed and served on  
16 the Receiver a request for special notice. Such acts shall, as soon as practicable thereafter, be  
17 identified to the Court.

18         **12. RESTRAINING ORDER/NON-INTERFERENCE WITH RECEIVER.** It is  
19 hereby further ordered that Defendants, and each of them, and any other parties with actual or  
20 constructive notice of this Order who are subject to the jurisdiction of this Court, including,  
21 without limitation, Defendant's agents, servants, employees, attorneys, and other persons and  
22 entities acting in concert or participation with them, or any of them, are hereby enjoined and  
23 restrained from, directly or indirectly, transferring, selling, leasing, disposing of, encumbering,  
24

1       injuring, converting, gifting or otherwise interfering with the Bank Loan Collateral without Bank's  
2       express prior written consent and the written consent of the Receiver, or further Order of the  
3       Court, including but not limited to from taking or engaging in the following actions:

4           A.       Interfering, directly or indirectly, with the Receiver or the Receiver's custody and  
5       control of the Receivership Estate, including, without limitation, withholding access codes and  
6       computer passwords;

7           B.       Interfering, directly or indirectly, with the Receiver's effort to collect or take  
8       possession of the Receivership Estate, or the rents, income, profits or proceeds thereof;

9           C.       Collecting or attempting to collect the Receivership Estate, or the rents, income,  
10      profits or proceeds thereof, other than at the written direction of the Receiver;

11       D.       Extending, dispersing, transferring, assigning, selling, conveying, devising,  
12      pledging, mortgaging, creating a security interest in or disposing of the whole or any part of the  
13      Receivership Estate or the rents, income, profits or proceeds thereof, without the prior written  
14      consent of the Receiver;

15       E.       Taking any actions which would damage or dissipate the assets of the Receivership  
16      Estate; and/or

17       F.       Doing any act which will, or which will tend to, impair, defeat, divert, prevent or  
18      prejudice the preservation of the Receivership Estate and the rents, income, profits or proceeds  
19      thereof, or this Court's jurisdiction over the Receivership Estate.

20       Furthermore, the Carleton Defendants, and all of them, shall (subject to the remainder of  
21      this Section 12):

22       A.       Within five (5) business days of the effective date of this Order, deliver to the

1    Receiver all Bank Loan Collateral, and all income, proceeds, rents and profits received from the  
2    Bank Loan Collateral;

3            B.    Within five (5) business days of the effective date of this Order, supply the  
4    Receiver with information necessary to enable the Receiver to complete any schedules that the  
5    Receiver may be required to file, and otherwise assist the Receiver in the completion of the  
6    schedules;

7            C.    Within five (5) business days of the effective date of this Order, provide the  
8    Receiver with all books and records referring or relating to the Bank Loan Collateral;

9            D.    Within five (5) business days of the effective date of this Order, provide the  
10   Receiver with copies of such financial and business records of the Carleton Defendants as the  
11   Receiver may request; and

12            E.    Submit, by and through their most knowledgeable representatives, to an  
13   examination by the Receiver or Bank, under oath and subject to penalty of perjury, concerning the  
14   acts, conduct, property, liabilities and financial condition of or concerning the Receivership Estate,  
15   or any matter relating to the Receiver's administration of the Receivership Estate;

16   PROVIDED HOWEVER, that if Carleton Defendants, or any of them, are after reasonable  
17   diligence unable to fully perform any or all of the above items by the stated deadlines, the party or  
18   parties responsible for such performance shall not be deemed in violation of this Order so long as  
19   such party or parties commence performance within the stated period (or with reasonable  
20   promptness as to item E) and diligently prosecute the same to completion.

21            **13.    UTILITY SERVICES.** Any utility company providing services to the  
22   Receivership Estate, including gas, electricity, water, sewer, trash collection, telephone,

1 communications or similar services, shall be prohibited from discontinuing service to the  
2 Receivership Estate for any non-payment by the Carleton Defendants prior to the Receiver's  
3 appointment by this Court based upon unpaid bills incurred by the Carleton Defendants. Further,  
4 such utilities shall transfer any deposits held by the utility to the exclusive control of such Receiver  
5 and shall be prohibited from demanding that the Receiver deposit additional funds in advance to  
6 maintain or secure such services. To the extent the Receiver deems it prudent in the Receiver's  
7 business discretion, the Receiver may, but shall not be required to, open new utility accounts in the  
8 name of the Receivership. Utility companies are prohibited from discontinuing service while the  
9 new Receivership accounts are in process of being established.  
10

11       **14. AUTOMATIC STAY.** The automatic stay of certain proceedings imposed by  
12 Section 22 of the Receivership Code shall be in effect upon entry of this Order except as to Bank  
13 including, without limitation, the continuance of the above-entitled action or any other action or  
14 proceeding brought by Bank to enforce its rights under the loan and security documents related to  
15 the Bank loans described in the Amended Complaint.

16       Further, except as expressly authorized herein or under the Receivership Code, no person  
17 or entity shall file suit against the Receiver or its agents or professionals, or take other action  
18 against the Receiver or its agents or professionals, without an order of this Court permitting the  
19 suit or action after appropriate notice to parties in interest, *provided, however,* that no prior court  
20 order is required to file a motion in this action to enforce the provisions of this Order or any other  
21 order of this Court in this action and, *provided, further,* that nothing set forth herein shall preclude  
22 or prejudice any party from asserting claims in this proceeding, provided that adjudication of such  
23 claims shall be subject to any agreements executed by or affecting any party. All defenses to such  
24

1 claims are reserved and unaffected by this paragraph.

2 To the extent the Court allows any such litigation against the Receiver or its agents or  
3 professionals to proceed, the costs and expenses of defending such litigation may be paid from the  
4 Receivership Estate, except to the extent that the Court expressly determines otherwise in the order  
5 authorizing such litigation. Further, Bank shall indemnify the Receiver for and hold the Receiver  
6 harmless from any and all actions, causes of action, claims, costs, damages, liabilities, or expenses,  
7 including reasonable attorney fees (collectively, "**Claims**") incurred by the Receiver by reason of,  
8 during, and/or arising from its appointment and service as receiver, except to the extent that they  
9 arise from the Receiver's bad faith, gross negligence, willful malfeasance, reckless disregard of  
10 duty or fraud, excluding any Claims to the extent same are covered and satisfied by insurance.  
11  
12 The Receiver shall promptly provide Bank with written notice of any Claims, litigation or other  
13 proceedings under which the Receiver shall request a defense and/or indemnification. If and to the  
14 extent that Bank agrees to defend and/or indemnify the Receiver as requested, Bank shall have the  
15 exclusive right to (a) select counsel and any other professionals to represent the Receiver and its  
16 agents or professionals, and (b) settle, compromise or otherwise resolve any such Claims, litigation  
17 or other proceedings. Further, the Receiver and its agents and professionals shall fully cooperate  
18 with Bank and Bank's professionals with respect to any such defense or indemnification matters.  
19

20       **15. TURNOVER.** It is hereby further ordered that Defendants, and any other parties  
21 with actual or constructive notice of this Order who are subject to the jurisdiction of this Court,  
22 including, without limitation, Defendant's managers, officers, directors, employees, agents,  
23 representatives, attorneys and consultants, and all persons or entities acting for or in concert with  
24 them, shall:

1           A.     Turn over to the Receiver the Bank Loan Collateral that is included in the  
2     Receivership Estate, the rents, income, profits and proceeds there from, and all other property  
3     incidental thereto or that is or may be necessary or useful to allow and assist the Receiver in  
4     operating or in collecting the property and assets of and relating to the Receivership Estate,  
5     including, but not limited to, all mail and other correspondence, all post office boxes, all keys to  
6     all locks, and the contracts, records, books of account, ledgers, files and all business records for  
7     the Bank Loan Collateral or the Receivership Estate or the rents, income, profits or proceeds  
8     thereof, wherever located and in whatever mode maintained (including, without limitation,  
9     information contained on computers and any and all software relating thereto as well as all  
10    banking records, statements and canceled checks); and

12           B.     Turn over to the Receiver all documents which constitute or pertain to all contracts,  
13    leases, subleases, royalty agreements, assignments, insurance policies, liens, security interests,  
14    licenses, permits or governmental approvals, or other agreements of any kind whatsoever, whether  
15    currently in effect or lapsed, which relate to the Bank Loan Collateral or the Receivership Estate or  
16    any interest therein, or to the rents, income, profits or proceeds there from.

17           **16.     DISCHARGE OF RECEIVER.** The Receiver may at any time file a motion  
18    requesting that the Receiver be exonerated, discharged and/or released from the Receiver's  
19    appointment under this Order. Such motion may be heard by the Court on no less than five (5)  
20    business days' notice. The receivership shall not be terminated, and the rights and obligations of  
21    the parties subject to this Order shall remain in full force, until this Court approves the Receiver's  
22    final report or until the Court enters an order terminating the receivership and discharging the  
23    Receiver.

1        **17. EFFECTIVE DATE OF ORDER.** This Order shall be effective when signed  
2 and upon the posting of the Receiver's Bond in the amount of \$250,000.00 as required by the  
3 terms of this Order.

Signed: 2/2/2018 10:33 AM

## Circuit Court Judge Cameron F. Wogan

Submitted by:  
Bradley S. Copeland, OSB No. #871964  
Attorney for Plaintiff

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Page 28 – Receivership Order

Exhibit B  
Page 28 of 28

ARNOLD GALLAGHER P.C.

800 Willamette, Suite 800

Willamette, Oregon  
P.O. Box 1758

P.O. Box 1758

Eugene, Oregon 97440-1758

## CERTIFICATE OF SERVICE

I hereby certify that on April 12, 2018, I served the following MOTION FOR TURNOVER by depositing in the United States mail at Medford, Oregon full and complete copies thereof, by first class mail, postage prepaid, or email transmission where indicated, addressed to the following:

Carleton Farms  
PO Box 462  
Tulelake CA 96134

Les Schwab Tire Center  
Ponda Maden, Credit Dept  
PO Box 567  
Merrill, OR 97633-0567

### Twenty Largest Unsecured Creditors:

Baley Trotman Farms  
Mark Trotman, Partner  
PO Box 417  
Malin, OR 97632-0417

McAuliffe , John C  
John C. McAuliffe  
PO Box 404  
Malin, OR 97632-0404

Bank of America  
Accounts Receivable  
PO Box 15796  
Wilmington, DE 19886-5796

Northcutt, Les  
Les Northcutt  
PO Box 479  
Malin, OR 97632-0479

Butler Machine  
Scott Seus, Owner  
2284 County Road 100  
Tulelake, CA 96134-8269

Pacific Power  
Accounts Receivable  
PO Box 26000  
Portland, OR 97256-0001

Davis Hearn Anderson & Turner  
Chris Hearn  
515 E Main St  
Ashland, OR 97520-2113

Pape Machinery Exchange  
Christy Rose White  
PO Box 5077  
Portland, OR 97208-5077

DHH of Oregon Company, LC  
Dave Hill  
1255 Jordan Creek Pkwy  
West Des Moines, IA 50266-2344

R & J Auto Repair  
Rod Green, Owner  
137 E Front St  
Merrill, OR 97633-9723

ED Staubs & Sons  
Brad Staub  
PO Box 488  
Klamath Falls, OR 97601-0339

SAIF Corporation  
Accounts Receivable  
400 High St SE  
Salem, OR 97312-0700

Jesse D. Hickey Farms LLC  
Jesse Hickey, Owner  
PO Box 358  
Merrill, OR 97633-0358

Stateline Auto Parts, Inc.  
Jeff Story  
PO Box 260  
Merrill, OR 97633-0260

JMC Enterprises  
Joel Micka  
900 E Chemical Dr  
Kennewick, WA 99336-5973

Umpqua Bank  
Terri Hamlin, Special Assets  
PO Box 1820  
Roseburg, OR 97470-0417

**Lien Holders:**

Umpqua Bank  
c/o Bradley S Copeland  
Arnold Gallagher PC  
PO Box 1758  
Eugene OR 97440

Umpqua Bank  
c/o Cort O'Haver  
President & CEO  
445 SE Main St.  
Roseburg, OR 97470

AGCO Finance LLC  
PO Box 2000  
Johnston IA 50131

Basin Fertilizer  
& Chemical Co., LLC  
P.O. Drawer X  
Merrill OR 97633

Deere & Company  
6400 NW 86th St  
Johnston IA 50131

Hill, Drew  
18827 Hill Rd.  
Klamath Falls OR 97603

Industrial Ventilation Inc.  
723 E Karcher Road  
Nampa ID 83687

Irrigation Rentals, Inc.  
P.O. Box 297  
Red Bluff CA 96080

Walker Bros  
Clint Walker  
PO Box 1206  
Anderson, CA 96007-1206

Winema Elevators LLC  
Clark Gill, General Manager  
PO Box 848  
Tulelake, CA 96134-0848

Worden Elevator LLC  
Shane Broiler  
20201 Highway 97 S  
Klamath Falls, OR 97603-9595

Receiver

Advanced CFO Solutions  
Attention: Matthew McKinlay  
13601 West McMillan Road, Suite 102,  
PMB 320  
Boise, Idaho 83713

Jeffrey C. Misley  
Sussman Shank LLP  
1000 SW Braodway, Suite 1400  
Portland, OR 97205

I hereby certify that on April 12, 2018, I determined from the United States Bankruptcy Court electronic case filing system that the following parties will be served electronically via ECF:

KEITH BOYD ecf@boydlegal.net, arnold@boydlegal.net  
DOUGLAS R RICKS vbcservicedougr@yahoo.com, doug@vbcattorneys.com  
US Trustee, Eugene USTPRegion18.EG. ECF@usdoj.gov  
ROBERT J VANDEN BOS vbcservice@yahoo.com, sara@vbcattorneys.com

THE LAW OFFICES OF KEITH Y. BOYD

By: /s/ Lin Engelhorn  
Lin Engelhorn, Legal Assistant

**CERTIFICATE OF SERVICE - Page 2 of 2**